



800.454.2446 | avitusgroup.com

August 27, 2018

Emailed: shahan@Scoobeez.com

Regular Mail

Mr. Shahan Ohanessian
SCOOBEEZ, INC.
396 S. Pasadena Ave.
Pasadena, CA 91105

TERMINATION REMINDER

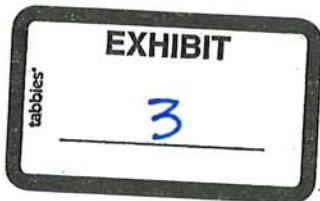
Dear Shahan:

As you know, Avitus, Inc. ("Avitus) has given Scoobeez, Inc. ("Scoobeez") notice that the Professional Employer Agreement ("PEA") between the aforementioned parties terminates on September 15, 2018.

As reminder, Avitus' CFO informed you by phone on two (2) separate occasions of this impending termination. You also received an email from Avitus' CFO that contained the written termination notice. Finally, at your specific request, Avitus did not send the written termination to Scoobeez's current corporate headquarters, but rather, sent the notice via certified mail – restricted delivery to both your home address and the Scoobeez's address listed in the PEA.

Since giving Scoobeez notice of termination, Avitus has begun preparing for the termination which will trigger various notices and letters to be sent as required by Avitus' accreditation agency and various state agencies. One such notice is the attached draft Employee Notice Letter that each of your employees will receive once the PEA is terminated. Another such document is the attached California Employee Warning, which simply indicates that Avitus' workers' compensation insurance policy has been cancelled and that all claims occurring after September 15, 2018 will not be filed with the carrier listed. Please note, there will be an Employee Warning Notice for each state Scoobeez operates in.

As another reminder, the PEA terminates September 15, 2018, and all wages, related payroll liabilities and mandatory taxes, including unemployment coverage, will be Scoobeez's responsibility effective September 16, 2018. In addition, Scoobeez will no longer receive workers' compensation coverage or employment practices liability insurance "EPLI" coverage through Avitus beyond September 15, 2018. Any and all voluntary benefits sponsored by Avitus including, flex spending accounts and 401(k) retirement plans will cease to continue beyond that day as well.



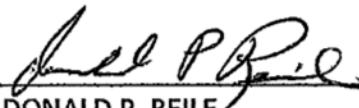


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Finally, as of the date of this letter, Scoobeez has an outstanding balance owed to Avitus in the amount of **\$16,111,385.61**. Please remit this amount immediately to avoid collection activity.

Sincerely,

AVITUS, INC.

By: 
DONALD P. REILE
Its: *President*